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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,  
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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May 28, 1927.

Vol. V, No. 11

## YAKIMA APPLE ASSOCIATION IS GROWING

The total acreage represented by the Yakima Fruit Growers' Association, Yakima, Wash., has reached the 10,000-acre mark as the result of 165 new contracts recently received. The membership is approximately 1,000. One group of fruit growers who recently joined the marketing enterprise subscribed for sufficient preferred stock to make possible the purchase of a warehouse.

Cold storage space in two of the sections served by the association is being increased. In one case a new plant is being erected and in the second case the existing plant is being greatly increased in size. With the completion of the improvements now being made, the association will have cold storage space for 1,000 carloads of fruit. The capital required for the construction of new plants has been obtained by the issuing of a series of six per cent gold bonds maturing during the years from 1928 to 1943.

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## WASHINGTON GRAPE ASSOCIATION WITHOUT DEBTS

The Yakima Valley Grape Growers' Union, Grand View, Wash., has completed its third year of activity, having been organized in 1924.

Total grape sales for the first year amounted to \$45,894. Nearly 90 per cent of this amount was paid to the producers. Net sales of grapes for the second and third years were \$100,831 and \$62,193 respectively. Growers were paid 89 per cent of net sales in 1925 and 80 per cent in 1926. The lower percentage return in 1926 was due to a smaller crop with nearly as heavy deductions for overhead expense and a larger deduction for special reserve.

Grape baskets, boxes, lugs and other fruit growers' supplies are handled by the association. Earnings from supplies for 1925 are given in the audit report as amounting to \$1,096 and for 1926 to \$2,881.

At the close of the 1926 business year the resources of the association were \$3,891 with no liabilities except to the membership for capital invested in the business

### MISSOURI ASSOCIATION SELLS CANNED TOMATOES FOR MEMBERS

A cooperative enterprise somewhat different from the ordinary is the M.F.A. United Cannery, Inc., Niangua, Mo., affiliated with the Missouri Farmers' Association. This association is engaged in buying canning supplies and in selling canned fruits and vegetables, principally tomatoes. Its 50 members are largely engaged in growing and canning tomatoes and the association has been created to serve them as a purchasing agency for needed supplies, including fertilizer, and as a sales agency for marketing the canned goods. A marketing contract, operating continuously until cancelled, is used.

The association was organized in 1923. Business to the amount of \$130,000 was transacted in 1925.

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### FEDERATED FRUIT AND VEGETABLE AGENCY REPORTS

Detailed reports of the activities of the Federated Fruit and Vegetable Growers, Inc., New York City, made at the recent annual meeting, indicated that 109,182 carloads of fruits and vegetables had been handled during the four years that the organization had been functioning. This is a yearly average of more than 27,000 cars. Forty-one per cent of the carload shipments were apples, peaches, pears and other fruits; 32 per cent were vegetables and small fruits; and 27 per cent, potatoes. It was reported that 89 per cent of the total business represented sales made f.o.b. shipping point. In 6 per cent of the sales the auction markets were used, and 5 per cent were private sales made after the arrival of the cars in the central market.

During the four-year period carload sales were made in 1,480 cities and towns.

Among the resolutions adopted at the meeting was one urging that each of the agricultural colleges of the various states "give every encouragement in its marketing program to the need of demonstrations in cooperative marketing."

At the meeting of the executive board a list of 71 member organizations was ratified.

This organization began operating under its present name and set-up, January 1, 1923.

### HISTORY OF CALIFORNIA FRUIT EXCHANGE

A history of the California Fruit Exchange, Sacramento, is given in the May issue of the Blue Anchor, the magazine published by the association. According to the information published, a committee of 15 was appointed in the late fall of 1900 to work out a plan for organizing the deciduous fruit growers into a marketing association. A temporary organization was formed under the auspices of the committee by about eighty growers who attended a meeting at the Grangers' Hall, Sacramento, on January 16, 1901, at which meeting it was decided to organize under the name of California Fresh Fruit Exchange. An executive committee aided the fruit growers at Newcastle, Penryn and Loomis to form local associations. The new enterprise was incorporated under date of May 1, 1901, as a cooperative noncapital-stock association. Shipping of fruit began in May, and the first year 237 cars of fruit with a sales value of about \$200,000 were marketed through the association.

In February of 1907 the association was reorganized as the California Fruit Exchange with capital stock. In deference to the wishes of firms from which it was desired to obtain credit.

To-day the Exchange has an authorized capital stock of \$100,000 divided into 1,000 shares of \$100 each. This capital stock is held by fruit growers, individual holdings being limited to two shares each. That there may be a wide distribution of stock with the democratic control which such distribution would provide.

At the present time the Exchange is serving as sales agent for 165 local units with approximately 7,000 grower members.

The increase in business since 1917 is indicated by the following figures:

Year	Cars shipped	Gross sales	Net returns	Refunds to growers	Claims collected
1917	3,339	\$ 4,504,809	\$2,647,699	\$135,529	\$ 24,271
1918	4,129	7,234,241	4,403,304	305,155	65,021
1919	5,056	10,127,039	6,302,324	477,059	113,314
1920	5,596	13,473,801	8,666,178	673,690	162,762
1921	6,281	12,680,295	6,952,475	507,211	360,716
1922	8,560	12,935,832	8,280,069	517,433	66,012
1923	10,935	17,173,124	10,629,060	667,688	240,860
1924	8,485	14,994,554	10,125,891	597,096	243,567
1925	11,934	17,282,258	10,237,690	682,876	100,050
1926	12,092	17,332,395	10,318,963	587,862	125,457

It will be noted by the above that the volume of business handled in 1926 was larger than that of any previous year.

(See Agricultural Cooperation, March 2, 1925, p. 85.)



CAPE COD CRANBERRIES SOLD COOPERATIVELY

Twenty years of continuous growth is the claim made for the New England Cranberry Sales Co., Middleboro, Mass. During the 1926 year it added 24 members who swelled the total receipts by 8,479 barrels of cranberries.

The association handled last year the largest crop in its history. The equivalent of 248,255 barrels of cranberries were received from members. All but about 400 barrels had been sold before the close of the business year, March 31. Approximately 60 per cent of the Cape Cod Cranberry crop was handled through the association. Five packing houses were operated by the association, four of these being owned by the organization. Land and buildings were valued at nearly \$60,000 on March 31.

The equities of the growers amounted to \$105,896 on March 31. The greater part of this was in the operating fund. There was \$3,020 in the membership fund, and \$27,203 in the reserve funds for 1925 and 1926.

The annual meeting of the organization held April 12 was attended by 76 representatives who held votes for 135 memberships. It was decided at the annual meeting to make an assesment of 50 cents a barrel on the 1927 crop for advertising purposes.

This company, organized in 1907, is one of the three which have federated and created the American Cranberry Exchange, an agency for marketing the annual crops of Cape Cod, New Jersey and Wisconsin.

The development of the company since 1912, for which period data are available, is indicated by the figures in the following table:

Year	Barrels handled		Paid growers
	Number	Index	
1912-13	149,397	100	-----
1913-14	194,126	130	-----
1914-15	218,967	147	\$ 804,353
1915-16	127,976	86	776,657
1916-17	156,667	105	921,231
1917-18	65,531	44	615,665
1918-19	113,422	76	921,624
1919-20	207,341	139	1,421,351
1920-21	175,659	118	1,581,718
1921-22	113,095	76	1,312,282
1922-23	193,875	130	1,778,621
1923-24	229,830	154	1,490,112
1924-25	182,393	122	1,645,265
1925-26	225,754	151	2,183,534
1926-27	248,255	166	1,500,901

### OREGON COOPERATIVE CANS FRUITS

Nearly twice as much fruit of the 1926 crop was handled by the Producers' Cooperative Packing Company, Salem, Ore., as of the 1925 crop. Much larger quantities of prunes, loganberries and blackberries were delivered by members in 1926 than in 1925. This was because of the big harvests in 1926.

This association was organized in 1921 as the Producers' Canning and Packing Company. The quantities of fruit received for the six years that it has been operating, as given in the annual reports, are as follows:

Year	Prunes	Logan-berries	Black-berries	Bartlett pears	All fruits*
	(Pounds)	(Pounds)	(Pounds)	(Pounds)	(Pounds)
1921	421,282	1,145,609	654,456	79,584	4,021,015
1922	1,344,058	626,837	302,139	164,044	2,702,315
1923	1,254,194	516,816	363,168	309,023	2,980,379
1924	541,153	237,491	216,550	147,597	1,360,404
1925	542,963	148,578	226,677	261,726	1,352,441
1926	852,627	379,747	384,510	631,631	2,583,678

\* Including prunes, loganberries, blackberries, apples gooseberries, strawberries, cherries, raspberries, plums, and pears.

The larger part of the fruit received is canned. The output of the canning department for the last three seasons has been as follows: 1924, 43,010 cases; 1925, 45,470 cases; 1926, 86,026 cases. The actual selling of the output of the cannery is handled through a regular brokerage firm.

The financial growth of the association is indicated by the following figures:

Year ending March 31	Fixed assets	Share capital	Reserve
1922	\$75,802	\$77,000	\$17,036
1923	* 48,754	77,000	31,069
1924	* 55,657	73,000	5,935
1925	* 62,109	72,700	10,490
1926	* 67,180	72,500	22,705
1927	* 75,727	72,500	37,663

\* Depreciated value.

One hundred thirty shareholders on March 31 last, held 725 shares of stock of a par value of \$100 each. The book value of these shares is given as \$151.95.

### THIRD ANNUAL MEETING OF INDIANA WHEAT POOL

Seventy-five per cent of the grain handled by the Central States Soft Wheat Growers' Association, Indianapolis, is sold direct to the mills, according to the report made by the general manager at the third annual meeting of the membership of the organization held on April 11. Total receipts of wheat of the 1926 crop amounted to 4,165,747 bushels to April 11, compared with 3,157,952 bushels of the 1925 crop delivered to the association and 1,524,250 bushels of the 1924 crop. From 450,000 to 500,000 bushels of grain were sold monthly during the 1926-27 marketing season.

Present storage facilities of the association comprise an elevator in Indianapolis with capacity for 1,000,000 bushels, an elevator at Evansville with storage for 140,000 bushels and storage space in elevators at Cincinnati and Nashville.

Nearly \$3,000,000 was borrowed last year in order to make advances to growers promptly. This money was obtained at interest rates varying from  $4\frac{1}{2}$  to  $5\frac{1}{2}$  per cent.

Consideration is being given to the possibility of grinding a portion of the wheat received by the association into flour for supplying the needs of the patrons of the Indiana Farm Bureau Purchasing Department, Inc., Indianapolis.

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### SECOND INTERNATIONAL WHEAT POOL CONFERENCE

The second meeting of the International Wheat Pool Conference was held at Kansas City, May 5, 6 and 7. About 300 delegates attended the meeting. Among those present were four representatives of the grain pools of Australia, six representatives from Russia, representatives of the wheat pools in the three prairie provinces of Canada, and representatives of the nine wheat pools in the United States.

The resolutions passed by the conference included one pointing out that "the wheat growers in the chief wheat exporting countries of the world should look toward international co-ordination of their cooperative marketing programs. This must be preceded by thorough organization of the producers in each country on a permanent basis and such organization must control a substantial percentage of the wheat grown in such countries."

The conference recommended that steps be taken "looking toward the establishment of a permanent international bureau which will act as a clearing house for statistical information, for matters relating to the development of international cooperation, and such other matters as may be of material benefit to the world cooperative movement."

Announcement has been made of a meeting of the International Committee for May 30 and 31, at Minneapolis for the purpose of carrying out the recommendations of the conference.



KANSAS COOPERATIVE MAKES PATRONAGE REFUNDS

Since the organization of the Garden City Cooperative Equity Exchange, Garden City, Kansas, in 1919, sales to the amount of \$3,780,171 have been made. This is an average of nearly one-half million dollars a year for the eight-year period. The Exchange operates two grain elevators and in addition handles coal, flour, feed, cotton products, and farm implements. However, the greater part of its income is derived from the sale of wheat. Sixty-two per cent of the total business has been with shareholders.

Net earnings for the eight years have varied from less than \$2,000 a year to more than \$19,000, the amount credited to the year ending March 31, 1927. The total net earnings for the entire eight years is in excess of \$91,000. More than \$63,700 has been returned to shareholders in the form of patronage refunds; in addition, dividends to the amount of \$11,220 have been paid on share capital.

The figures given below indicate the growth of this enterprise:

Year ending March 31	Capital stock	Total sales	Net earnings	Refunds to members
1920	\$12,800	\$298,663	\$13,182	\$11,934
1921	28,500	671,261	14,360	10,008
1922	29,600	490,983	13,513	13,367
1923	33,800	521,351	13,924	12,184
1924	37,400	417,764	1,663	none
1925	37,400	512,996	11,175	6,449
1926	37,600	293,377	4,457	none
1927	37,800	573,866	19,117	9,845

It is estimated that the patronage refunds and dividends on capital for the eight years have amounted to \$266 a share on the average number of shares outstanding.

Total sales for the last business year were the largest in the history of the association, being \$573,866. Net earnings for the year were also the largest in the life of the enterprise. A balance sheet prepared under date of April 16, indicates a net worth of approximately \$68,700. The two elevator properties with equipment were carried on the books at a valuation of \$24,735. There was included among the resources, stocks and bonds to the value of \$2,000.

Patronage refunds and dividends on share capital were distributed for the 1926-27 year to the amount of \$13,695 to 219 shareholders. One shareholder received \$588 in refunds and dividends, one, \$382, one, \$352, and one, \$308. All together ten shareholders received more than \$170 each and 34 shareholders more than \$100 each.

### CANADIAN WHEAT POOL TO ESTABLISH MONTREAL OFFICE

A new office for the Canadian Cooperative Wheat Producers, Ltd., is to be opened in Montreal, Quebec, on June 1, according to a recent announcement. At present this selling agency has offices at Winnipeg, Vancouver, Calgary, Edmonton, New York, and Paris. The Montreal office will take charge of the forwarding of grain from that point and the New York office will work in conjunction with the office at Montreal.

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### FIELD WORK AMONG MANITOBA WHEAT GROWERS

More than 400 meetings with growers were held by the management of the Manitoba Cooperative Wheat Producers, Ltd., Winnipeg, during the winter of 1926-27. There was a total attendance of 16,742 at 352 general pool meetings, an average of 47.5 per meeting; and an attendance of 1,928 at 53 pool elevator meetings, an average of 37. Most of the meetings were held in country school houses. The membership of the association on April 15, 1927, was 19,102, and the total number of contracts in force was 30,485, some members having signed contracts for both wheat and coarse grains.

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### NEW CONTRACTS FOR ALBERTA WHEAT PRODUCERS

A new contract is being submitted to the members of the Alberta Cooperative Wheat Producers, Ltd., Calgary. This second contract covers the five years from 1928 to 1932, while the first contract which was signed in 1923, covered the five years 1923 to 1927 inclusive. Contract No. 1 of the second series has been signed by the same wheat grower as signed contract No. 1. of the first series. An effort is being made to get the new contracts signed before the movement of the 1927 grain crop begins.

Announcement was made recently by the management of the association that a lease had been executed for the use of one of the Canadian government's terminal elevators at Vancouver in connection with the movement of the 1927 wheat crop. This elevator has a storage capacity for 1,500,000 bushels. The association already has under lease the government's terminal elevator at Prince Rupert on the Western Coast. During the past season the association has handled more than 5,200,000 bushels of grain through this elevator. Twenty-two ships had been loaded at the elevator up to the first of May. The elevator has storage room for 1,250,000 bushels.

FARMERS' ELEVATOR STUDY IN SPRING WHEAT AREA

The cooperative business methods and practices of the farmers' elevators in the spring wheat area are being studied jointly by the Federal Bureau of Agricultural Economics and the Colleges of Agriculture in the states of Minnesota, North Dakota, South Dakota and Montana. The study outlined covers five years. Each college will collect general information which will be available to all, and in addition will conduct a study of some special phase of farmer-elevator operation.

Economic organization of farmers' elevators will be the subject of the special study being arranged by the College of Agriculture of the University of Minnesota. Complete data of elevator operation are also to be obtained from about 15 farmers' elevators in the northwestern part of the state.

The North Dakota Agricultural College will collect information relating to the side-line activities of the elevators with particular emphasis upon the grinding of feed and the cleaning of seed.

Plans have been made by the Montana Agricultural College for a detailed analysis of the competition and buying policies of 10 selected elevators. In this special study it is proposed to give special consideration to the quality of the grain received, the competitive situation, prices paid for grain, prices received from the sale of the grain, and the financial outcome resulting from the policies pursued.

Special attention is to be given in South Dakota to the financial phases of farmer-elevator operation.

The personnel for the several studies will be supplied largely by the agricultural colleges working under the supervision of a representative of the Federal Bureau. At the close of each season the general data will be tabulated on a uniform basis and prepared for publication. A summary will be prepared at the end of the five-year period.

It is planned that the research studies be accompanied by extension work by the colleges. Preparations are being made to take the vital facts developed through research back to the members of the elevator organizations. Local and district meetings are to be held at which the various phases of the analysis made from the studies will be discussed, and the important data relative to elevator operation will be presented by means of charts and film strips. The state farmers' elevator associations are arranging to assist in this phase of the work. The list of subjects for which there is material ready for extension includes costs of operation, variations in protein content and other quality factors of wheat, hedging, and storage.

### MANITOBA DAIRY ASSOCIATION EXTENDING ITS OPERATIONS

The Manitoba Cooperative Dairies, Ltd., Winnipeg, in a special meeting of shareholders, April 13, decided to buy a creamery plant at Brandon and commence operations May first. This plant is said to be making about 300,000 pounds of butter yearly, with possibilities of a considerable increase. This quantity is about what the Winnipeg plant was making when the association began operations five years ago. Since that time the business has increased steadily until it has reached an output of 1,300,000 pounds.

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### NEW YORK COOPERATIVE ENCOURAGES SPEAKING CONTESTS

Members of the Dairymen's League Cooperative Association, Inc., New York City, are furnishing prizes and prize money for seven district speaking contests in New York State. The contestants are members of the Young Farmers' Club, organized in connection with high school departments of agriculture. The speakers will first meet in local contests where two will be selected to attend the district contests at which speakers will be selected for a state contest. The orations are to be upon some phase of farm economics such as agricultural cooperation or cooperative marketing.

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### MINNESOTA ASSOCIATION HAS BIG NET WORTH

Net worth of the Twin City Milk Producers' Association, St. Paul, Minn., was \$1,243,334 on December 31, according to a recently published report made as of that date. The items making up the total were: capital stock, \$741,157; sinking fund, \$234,433; operating reserve, \$267,744. The depreciated value of the buildings on December 31, was \$527,691, and the value of the equipment was \$342,310.

During the year 1926 nearly 300,000,000 pounds of milk were received from 6,900 farms owned by the members of the association. About one-half of all the milk was marketed in fluid form, about 25 per cent as sweet cream, 10 per cent was used for the manufacture of butter, 5 per cent was condensed, and the remainder was made into cheese, milk powder, ice cream, etc.

Demand for the skim-milk powder produced by the association seems to be increasing. Upon the completion of an order for the delivery of 150 tons, a request was received for the duplication of the first order. Members of the association are using about 5,000 pounds of skim milk powder a month for feeding poultry and calves.



### NEW WAREHOUSE COMPANY FOR WISCONSIN CHEESE

An association for the erection and operation of the fourteenth branch warehouse for the Wisconsin Cheese Producers' Federation. was organized at Two Rivers, Wis., on April 16. The name of the new organization is the Two Rivers' Cooperative Storage Company. The company has been incorporated with authorized capital stock of \$12,000, divided into shares of \$50 each. A lot has been purchased and a start made toward the erection of a one-story and basement building. Facilities will be provided for cold storage space.

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### COOPERATIVE MILK PLANT FOR INDIANAPOLIS

Plans are being perfected for the erection and operation of a farmer-owned milk distributing plant in Indianapolis. An option has been secured by the Indiana Dairy Producers' Exchange, on a tract of land and it is expected that building operations will be started in the near future. It is proposed to erect a plant equipped to handle surplus milk and to distribute whole milk at wholesale and retail. The new enterprise is to be financed by the issuing of certificates of indebtedness bearing interest at the rate of six per cent. In distributing these, preference will be given to farmers who have signed contracts agreeing to market their dairy products through the new plant.

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### MARKETING DAIRY PRODUCTS IN BRITISH COLUMBIA

Receipts of butterfat by Fraser Valley Milk Producers' Association, Vancouver, B. C., amounted to 3,759,927 pounds for the year 1926, which was 22,852 pounds less than for the preceding year. The decrease was because of reduced herds following a campaign to free the dairy region of tuberculosis.

Twenty-eight per cent of the butterfat received was made into butter, 26 per cent was sold to dealers, 25 per cent was distributed by the association, and 14 per cent was made into evaporated milk.

Total income from all sources amounted to \$4,029,179. Of this amount, \$3,516,603 came from the sale of dairy products. Members were paid \$2,221,893 and \$102,359 remained at the close of the year for distribution to the members. It was decided by the board of directors to pro-rate a dividend of 2½ cents a pound on butterfat delivered during the year, this dividend being issued in the form of share-capital.

Real estate and equipment was valued at \$776,559 at the close of 1926. Outstanding share capital amounted to \$603,810 on December 31.

(See Agricultural Cooperation for May 25, 1925, p. 220 and March 29, 1926, p. 144.)



### ARKANSAS COTTON IN MANY POOLS

Cotton of the 1926 crop was handled by the Arkansas Cotton Growers' Cooperative Association, Little Rock, Ark., in 140 pools. The gross selling price for the different pools varied from 8.62 cents a pound to 31.56 cents a pound. Association expenses which were deducted from the gross returns, amounted to 1.32 cents a pound, made up of the following items: interest and insurance, .38 of a cent; storage and freight, .53 of a cent; office and operating, .41 of a cent.

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### PRODUCTION CREDIT FOR MISSISSIPPI COTTON GROWERS

Crop and harvesting loans to the amount of \$1,659,129 were made by the Staple Cotton Discount Corporation during its last business year. Most of these loans had been repaid from the proceeds of the sale of cotton prior to April 1. The Discount Corporation was formed by officers and members of the Staple Cotton Cooperative Association, Greenwood, Miss., for the purpose of providing production and harvesting credit for the membership of that association. The corporation made loans in 1924, its first year of operation, to the amount of \$500,000. The next year the loans amounted to \$600,000 and last year to approximately \$1,660,000.

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### PRESIDENT OF MISSISSIPPI COTTON ASSOCIATION ADDRESSES GROWERS

The President of the Mississippi Farm Bureau Cotton Association, Jackson, Miss., in his report to the membership at the annual meeting, May 10, said in part: "Our association will develop directly in proportion to the real dollars and cents service it renders its members ... Our principles are fundamentally sound; our service is sufficiently flexible. It only remains for us to develop our operating functions to the point where we can do the job more efficiently and economically than the private agencies who are operating for profit."

The president called attention to the new agreement adopted in 1926, which provides for optional pooling and contains a "Withdrawal feature." He said that deliveries had increased 30 per cent under the new agreement.

Two problems, which in the opinion of the president are pressing for solution, are those of localizing the contacts of the association with its members and the developing of a seasonal pool in which the price prevailing on the delivery of cotton will become a more important factor in the determination of the pool price than is now the case.

Mention was made of plans being developed for obtaining reductions in the costs of assembling, grading, shipping and selling of cotton.

### BURLEY ASSOCIATION SETTLES FOR 1926 TOBACCO DELIVERIES

Final distribution of the returns from the 1926 crop was made by the Burley Tobacco Growers' Cooperative Association, Inc., Lexington, Ky., under date of May 7, 1927. The total number of pounds of the 1926 tobacco crop received, as reported by the management, was 118,359,923. This was a smaller quantity than it was estimated, early in the season, would be delivered.

This, the last crop covered by the five-year marketing contract signed in 1921, was marketed according to a different plan than the four preceding crops. The first four crops were sold by the association at private sales only as acceptable prices could be obtained. The 1926 crop was sold at auction at the best prices that could be obtained and still dispose quickly of the entire quantity delivered. In the opinion of the management of the association the average price received for the 1926 crop was 8 cents under the average for the tobacco of the four preceding crops handled by the organization.

The tobacco was graded, prized and marketed in 56 different pools, according to quality. The average gross sales prices for the various pools ranged from \$2.47 per 100 pounds for the least valuable tobacco to \$34.17 for the best grade. Following the delivery of their tobacco, growers were given advances which ranged from \$1 per 100 pounds to \$20.

Deductions from the gross prices included one per cent of gross sales price for a reserve for credit purposes, \$1.40 per 100 pounds for expenses, and from seven tenths of a cent to a cent and one-half per 100 pounds for the purpose of retiring the preferred stock of the nine district-warehousing corporations.

Deductions for expenses were \$1,659,794 as follows:

Item	Expense	
	Total	Per 100 pounds (Cents)
Executive officers, board of directors and manager of warehouses	\$ 57,658	4.9
Receiving houses	* 331,527	28.0
Prizing	* 231,766	19.6
Grading department	173,695	14.7
Saleshouse expense	194,382	16.4
Freight on tobacco to sales floor	215,757	18.2
Warehousing department	* 187,702	15.9
General office expense	127,034	10.7
Community organization	22,998	1.9
Legal department	28,465	2.4
Field service department	* 61,142	5.2
Burley Tobacco Grower	27,668	2.3
Total	\$1,659,794	140.2

\*Net expense.

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TEXAS COURT HOLDS ASSOCIATION'S CLAIM SUPERIOR TO CREDITORS

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The question for decision in the case of Texas Hay Association v. Angleton State Bank, 291 S. W. 846, was, "May the bank successfully attach 220 tons of hay stored on the farm of a member of the association awaiting delivery thereto as against the claim of the association that it had title to the hay, although it had not been physically delivered to it?"

Under the marketing contract entered into by the member of the association with it, it was provided that

He bargained, sold, and conveyed to the association all of the hay grown, or to be grown, made or to be made, saved or to be saved, and stored and to be stored, or in any manner acquired by him during the years 1921, 1922 and 1923; that under this contract in writing the title to the hay when same was made and stored by Turner, passed to the association.

The bank attached the hay on the theory that it belonged to a member of the association indebted to it. The association intervened and claimed the hay. The association won in the Trial Court, but on appeal to the Court of Civil Appeals the bank won and the association then carried the case to the Court of Commission Appeals of Texas, which court held that the association had title to the hay and that the bank could not lawfully attach the same. Among other things the court said:

When Turner had made this hay and baled it and stored it in his barn, it was "made." It was his duty to haul it to a warehouse as stated in the contract. That duty of the vendor did not have to be executed in order to make the sale complete.

\*\*\*\* The defendant in error bank had no right to subject this hay to the collection of its debt. This is the same rule laid down by our Supreme Court in the Stovall Case. It was held that Stovall could not sell his cotton after it was ginned and baled to any one but the association. The title had already passed to the association.

In the case of Texas Farm Bureau Cotton Association v. Stovall, 113 Texas 273, 253 S. W. 1101, the Supreme Court of Texas held that the marketing contract involved was a purchase and sale contract and that title to the cotton in question passed to the association but that was a suit between the association and a member to compel the delivery of cotton. Third parties were not involved. The most significant thing

about the instant case is that the court held that title to the hay passed to the association prior to the physical delivery of the hay to the association so as to prevent creditors of the member from attaching the same. Although the court reached the conclusion just stated, apparently without emphasizing the fact that the association had made an advance of \$3 per ton to the member on all of the hay in question, the court said with respect to this matter:

In conclusion we would call attention to the fact that Turner had declare this hay to the association and gotten an advance of \$3 on each ton in order to bale and store it. All that remained to be done was its transportation to a warehouse. It was already in the constructive possession of the association, so far as the bank was concerned. Therefore the attachment in behalf of the bank was without avail.

L. S. Hulbert.

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#### FLORIDA SUPREME COURT UPHOLDS COOPERATIVE ACT

On February 11, 1927, the Supreme Court of Florida decided the case of Lee v. Clearwater Growers' Association, 111 So. 722, in favor of the association. The association brought suit against W. E. Lee and his wife, both of whom were members of the association, for the purpose of restraining them from disposing of their citrus fruits grown on certain lands described in the contract outside of the association. It was contended that the association was a monopoly and that it was operating in restraint of trade. With respect to these contentions the court said that the rule of reason was applicable and declared:

It must, in other words, be such a restraint as to be detrimental to public welfare and obnoxious to public policy. Courts universally indulge the presumption that all contracts are legal, and when legal on its face its illegality must be alleged and proven. There is no attempt here to limit production or control or to fix the price in the market of the commodities embraced in the contract, and so far as we have been able to find no contract has been declared void that does not do this. \*\*\*\* We find nothing in the contract here attacked that shows an effort to procure prices beyond



their real value that amounts to an unreasonable restraint of trade or that would be detrimental to public welfare or obnoxious to public policy.

The court approvingly referred to the section in the cooperative statute of the State which in substance provided that associations formed thereunder should not be deemed to be combinations in restraint of trade. It was further urged that the provision in the contract providing for liquidated damages of 50 cents for each box of fruit grown and sold outside of the association was "unjust and disproportionate to any actual damage that might be shown." In this connection the court said:

The law seems well settled that such agreements for liquidated damages will be upheld in the absence of a showing that the amount is unjust, oppressive, or disproportionate to the damages that would result from a breach of the agreement. \*\*\*\* In this case the amount of liquidated damages was fixed at 50 cents for each standard box of fruit grown and sold. This amount was agreed to by appellants, and there is no showing whatever that it is unjust, oppressive or disproportionate to the damages that might result from a breach of the contract.

It was further contended that the provision in the cooperative statute which provided for the granting of injunctions was invalid because it contravened the general law of the State with respect to this subject. The court pointed out that it was not contended that this provision of the cooperative statute violated the constitution of the State or of the United States, and consequently held that the point was without merit.

With respect to the general character of cooperative marketing associations, the court said:

When analyzed it clearly appears that cooperative marketing associations are designed for a fourfold purpose, viz.: (1) To promote, foster, and encourage the intelligent and orderly marketing of agricultural products through cooperation; (2) to eliminate speculation and waste in such marketing; (3) to distribute agricultural products between producer and consumer as efficiently and directly as possible; and (4) to stabilize the marketing of agricultural products.

L. S. Hulbert.



### INCOME TAX CORRECTION

The last paragraph in the article on page 171 of the issue of April 30, 1927, of this publication should have read as follows:

Non-exempt cooperative associations are not required to pay income taxes on refunds or patronage dividends paid to members or patrons of an association on account of business done by them with the association. However, the amount paid by a non-exempt association as dividends on its capital stock would be taxable, also sums carried by it to reserves would apparently be taxable; and in addition, if the association did business with nonmembers as a dealer, profits from this source would be taxable.

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### COOPERATIVE MARKETING SCHOOL FOR CONNECTICUT

All phases of cooperative marketing are to be considered at a four-day school of cooperative marketing to be held at the Connecticut Agricultural College beginning August 16, next. The school will be conducted jointly by the agricultural college, the United States Department of Agriculture and the cooperative associations of Connecticut. The program is designed to meet the needs of the leaders, directors and managers in the farmers' cooperative associations of New England. Particular stress is to be laid on size and plan of cooperative enterprises, possibilities and limitations of cooperative marketing, organization set-up, membership problems, responsibilities of the general manager and of the board of directors, business management and price and sales policies.

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### A MATTER OF IMPORTANCE TO COOPERATIVES

Concrete evidence of the practical value to cooperatives of the source material being collected by the Division of Cooperative Marketing of the Department of Agriculture is found in an incident of recent date. One of the larger of the cooperative associations had appealed for assistance to an institution specializing in the supplying of credit. The management of the credit institution made request of the Division of Cooperative Marketing for definite information regarding the status of the cooperative. As the articles of association, by-laws and reports of the association were among the documents in the source collection of the Division, it was able to supply quickly the exact information desired.

Because incidents such as the above are not exceptional, it is urged that cooperatives amending their articles of association or by-laws forward copies of the revised documents for inclusion in the source collection. Address, Division of Cooperative Marketing, Department of Agriculture, Washington, D. C.

REPORTED BY THE ASSOCIATIONS

A report recently issued by the Texas Wheat Growers' Association, Amarillo, Texas, gives the present membership of that organization as 4,600. Wheat received of the 1926 crop amounted to 3,325,729 bushels. The contracts in force on May 1 for the 1927 crop covered 83,238 acres.

In three years the quantity of fertilizer bought through the Indiana Farm Bureau Purchasing Department, Inc., Indianapolis, has increased from 2,600 tons to 26,000 a season. The association reports an increase of one-third in the quantity of seed purchased through the organization this year as compared with last.

Total withdrawals from the California Lima Bean Growers' Association, Oxnard, during the recent withdrawal period were 11 growers of regular lima beans and 15 growers of baby limas. More than 200 growers became members of the association during the 1926-27 season. About a score of new contracts covering the 1927 crop have been added making the total membership about 1,000.

Cooperative schools have been held in eleven Texas counties the past season by the officers of the Texas Wheat Growers' Association, Amarillo. These schools have continued from two days to a week. As a rule the day meetings have been held in the country seats with evening meetings in the schoolhouses in the surrounding territory. It is estimated that several thousand wheat growers have been reached.

A saving in cost of about \$2 a ton on oyster shell is reported by the management of the Washington Cooperative Egg and Poultry Association, Settle, in connection with a recent purchase. One thousand tons of shell were recently moved by steamship from the Atlantic Coast to the docks of the cooperative at various points on Puget Sound. The saving resulted from a lower purchase price because of the quantity ordered a lower transportation charge, and a lower handling charge at points of delivery.

By action of the board of directors of the Texas Wheat Growers' Association, Amarillo, those delivering wheat of the 1927 crop will be offered their choice between a daily pool, a monthly pool, or a seasonal pool. This choice will be open to October 1, after which all grain delivered will be included in the seasonal pool. The daily pool will apply to the day of delivery and the monthly pool to the calendar month in which grain is delivered. Grain placed in the seasonal pool will be settled for on the average price for the season, due allowance being made for quality.

SELECTED LIST OF PUBLICATIONS AND ARTICLES

- Annual Report of the Federated Fruit and Vegetable Growers for the year ending December 31, 1926. 20 pp. New York, 1926.
- Bergdal, Lars. The Importance of the Elevator Program. Wheat Grower, Grand Forks, N. D., May 1, 1927, p. 6.
- Cooperative Marketing Journal, Memphis, Tenn., May, 1927 Contents: L. J. Norton, Types of Cooperation in Corn Belt Grain Marketing; Walton Peteet, A Conflict of Systems; Earl W. Benjamin, The Egg Cooperatives in 1927; Carle C. Zimmerman, Some Factors Affecting What Farmers Think About Cooperative Marketing; L. F. McKay, Wanted: Ability to Decide; Chastina Gardner, What Cooperation Owes to Germany; Charles W. Holman, A Clearing House of Cooperative Endeavor.
- Cooperative Problems, Uses and Abuses of Voting by Proxy. Farm Bureau Workers' Information Service, May, 1927, p. 3.
- Equitable Distribution of Surplus: Classification Selling Plan First Adopted by League Now Generally Accepted as Beneficial to All Dairymen. Dairymen's League News, New York City, March 18, 1927, p. 1.
- Good, W. C. Effective Democracy in the Farmers' Cooperative Movement Canadian Co-operator, Brantford, Canada, May, 1927, p. 7.
- History, Methods of Doing Business and Purposes of the California Fruit Exchange. Blue Anchor, Sacramento, Calif., May, 1927, p. 1.
- Parlby, Irene. The Great Adventure. Butter-Fat, Vancouver, B. C., May, 1927, p. 2.
- People's Year Book: The Annual of the English and Scottish Wholesale Societies, 1927. 336 pp. Published by the Cooperative Wholesale Society, Ltd., Manchester, England.
- Sherman, Val C. Cooperative Marketing So Far Only Experiment Movement, Getting Under Way and Each Year Will See Increasing Progress Western Farm Life, Denver, Colo., May 1, 1927, p. 4.
- Wisconsin Tobacco Pool Endorsed by Growers Editorial, Wisconsin Farmer, Madison, March 31, 1927, p. 3.

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